CHAPTER – II

REVIEW OF SWARNJAYANTI GRAM SWAROZGAR YOJANA

INTRODUCTION

This chapter contains introductory aspects and general background of the topic chosen for the research study. It elaborates concepts of rural poverty, BPL families and emergence of various programmes on poverty alleviation. It also discusses the meaning, concept and scope of SGSY.

A] RURAL DEVELOPMENT

It is rightly said that India lives in its villages. Naturally in this situation, the primary focus has to be on the development of the country's villages. Over the years, efforts were made to foster industrialization but the extent of such development has been very limited. Despite some migration of rural population to industrial and urban areas, bulk of its people continues to live in villages.

One of the reasons for slow pace of rural development is that bulk of the depressed sections of the people constitutes rural population. There is wide degree of diversity in some of the basic socio indicators of development calling for concerted action to alleviate this disparity. Rural people are engaged primarily in the agricultural sector.

Development may be defined as an activity or process of both qualitative and quantitative change in the existing system, aiming at immediate improvement of living conditions of people or increase the potential for betterment of living conditions in future. Until recently, the concepts “development” and “Economic growth” were used interchangeably. Nowadays, a clear distinction is made between the two concepts. Development is a broad concept which also embraces growth. Development covers both quantitative and qualitative aspects. Economic growth is mainly concerned with the quantitative aspect of development. Development has many dimensions and includes qualitative changes in social, economic, political, cultural, environmental, aspects. Development
is a continuous and unending process attempting to improve all aspects of society.

Development ultimately means development of man. It should result in reduction of dependency on external resources, increased self-reliance, confidence in their won strength and potentialities for development, spirit of mutual respect and collective effort. Rural Development, therefore, should be viewed as a strategy designed to liberate the rural poor from age-old bondage of degraded life and to awaken and activate entire rural population in the process of achieving and sharing of higher levels of production. Rural Development is identified with the development of underdeveloped rural poor.

The working definition of Rural Development as per World Bank is:

“The strategy designed to improve the economic and social life of a specific group of people; i.e. the rural poor. It involves extending the benefits of development to the poorest among those who seek a livelihood in the rural areas. The group includes small scale farmers, tenants and the landless.”

Various definitions on rural development encompass following elements:

1. Improving living standards
2. Mass participation
3. Making the process self-sustaining.
4. There should be full utilization of available physical and human resources in rural areas with functional linkage.
5. Is should aim at higher incomes and better living conditions of rural population.
6. The focus of development should be on rural poor with their effective participation in the development process.
7. Improvement in levels of living, including employment, education, health and nutrition, housing and a variety of social services.
8. Decreasing inequality in the distribution of rural incomes and in rural-urban balances in incomes and economic opportunities,

9. The capacity of the rural sector to sustain and accelerate the pace of these improvements.

B] RURAL POVERTY – GROWTH AND SOCIAL JUSTICE

a] Growth

“If the village perishes, India too will perish. It will be no more India. Her own mission in the world will get lost.” warned Mahatma Gandhi seventy years ago. India has about 5,60,000 villages and 70 percent of total population in the country is still in the villages. About 90 percent of rural population is reported as directly depending upon agriculture. It is not untrue to hold the view that nation’s prosperity is predicated upon vigorous rural development.

Economic development and Social development are two essential components in rural development. In fact, social development implies economic development. The economic aspect of rural development is concerned with the development of agriculture, agro-based industries and animal husbandry. The social aspect is concerned with the development of facilities in the areas of education, health, housing etc. The basic objectives of all the plans have been 1. Growth 2. Modernization 3. Self reliance and 4. Social justice. All the objectives are interrelated and the success in achieving one of them facilitates achievement of others. However, the progress of the country has not been uniform in achievement of all the four objectives and admittedly the fruits of growth have not been reaching the poor strata of society and thereby there has been no meaningful movement of the economy towards fulfillment of the objectives of social justice. Before independence, the foreign rulers concentrated their efforts on the urban areas only and the rural areas were merely looked upon as suppliers of cheap labour and agricultural produce. However, situation did not change significantly even after independence,
even-though there had been emergence of number of programmes for implementing Mahatma Gandhi’s ideas about rural development.

The single most important reason for total poverty is large scale unemployment in the rural sector. This attribute in itself explains the gigantic magnitude of the problem. The Union Government has been doing all that is possible to tone up the nation’s economy. While our efforts have begun to bear fruit, with upward economic trends perceptible in the urban sector, much needs to be done to bring about the desired transformation in the lakhs of villages all over India. The need for rural development was emphasized even during the struggle for independence. After independence our Constitution, in its preamble, set forth the national objective of securing to the citizens of India justice and equality of status. To achieve these aims, our country adopted planning as a policy of development and systematic efforts of rural development were started during 1952. Over a period of time, lot of programmes for development with different aims and approaches have been introduced and can be classified into sectoral programme, employment oriented programme, area approach programme and target group approaches programme etc.

**a-1] Sectoral Programmes**

a] Incentives Agricultural Area Programme [IAAP] [1960-61]

b] Incentive and Integrated Agricultural Development Programme [IADP] [1971]

c] High-Yielding Varieties Programme [HYVP] [1960]

d] Multiple Cropping Programmes [MCP] [1967-68]

e] Special Programme for Commercial Crops [1966-67]

f] Intensive Cattle Development Programme.[ICDP] [1964-65]

**a-2] Employment-oriented Programmes**

a] Crash Schemes for Rural Employment [1971-72]

b] Pilot Intensive Rural Employment Programme [PIREP] [1972-73]
c) Employment Guarantee Schemes [1972-73]
d) Food for Work Programme [1977]
e) National Rural Employment Programme [1980]
f) Rural Landless Employment Guarantee Programme [1983]
g) Training of Rural Youth for Self Employment Programme
   [TRYSEM] [1979]
h) Development of Women and Children in Rural Areas [DWCRA]
   [1982-83]
a-3] Area Programmes
   a) Backward Area Development Programme [BADP] [1960]
b) Command Area Development Programme [CADP]
c) Drought Prone Area Programme [DPAP] [1970-71]
d) Pilot Projects for Integrated Development of Dryland Agriculture
   [1971]
e) Desert Development Programme [1977]
f) Whole Village Development Programme
g) Hill Area Development Agency
h) Tribal Area Development Programme (TADP) [1972]
a-4] Target-Group Oriented Programmes
   a) Special Programme for Small Farmers and Agricultural Labourers
      [SFDA/MFAL] [1970-71]
b) Rural Industries Projects and Rural Artisans Programme [1962-63]
c) Antyodaya Programme [1978]
d) Programme for the Scheduled Castes
e) Tribal Development Agencies and Sub Plan [1955]
f) Rural Works Programme
g) Minimum Needs Programme

h) Programme for Children, Youth and Women [1974]

All above programmes were the precursor of the “Integrated Rural Development Programme [IRDP]” which was introduced in 1978-79 and started its actual implementation by 1980-81 throughout the country. The main objective of the programme was to create self-employment opportunities by providing productive assets and inputs to identified rural poor families to augment their family income on a sustained basis so as to enable them to cross a perceived poverty line. Assistance was provided in the form of subsidy and bank credit. The target group consisted largely of small and marginal farmers, agricultural labourers and rural artisans living below poverty line. Within the target group, there was an assured coverage of 50% for SC/STs, 40% for women and 3% for the physically handicapped.

Under the Ninth Plan Programme it was decided to convert IRDP into a holistic programme covering all aspects of self-employment viz, organization of beneficiaries and their capacity building, planning of activity clusters, infrastructure, technology, credit and marketing by merger of existing sub-schemes i.e. TRYSEM, DWCRA, SITRA, MWS (Million Wells Scheme) and IRDP. It was also decided to shift from an individual beneficiary approach to a group and cluster approach. Accordingly a new programme SGSY was launched with effect from April 1999. SGSY conceived as a programme of micro enterprises covering all aspects of self-employment including organizing rural poor into Self-Help Groups [SHGs] with the following objectives:

i. Focused approach to poverty alleviation,

ii. Capitalizing advantages of group lending and

iii. Overcoming the problems associated with multiplicity of programmes.
### All India Population Figures 1971-2001

**[Numbers in Millions]**

<table>
<thead>
<tr>
<th>Year</th>
<th>Rural</th>
<th>Urban</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
<td>Female</td>
<td>Total</td>
</tr>
<tr>
<td>1971</td>
<td>No.</td>
<td>%</td>
<td>No.</td>
</tr>
<tr>
<td></td>
<td>225</td>
<td>79.2</td>
<td>214</td>
</tr>
<tr>
<td></td>
<td>284</td>
<td>100</td>
<td>264</td>
</tr>
<tr>
<td>1981</td>
<td>No.</td>
<td>%</td>
<td>No.</td>
</tr>
<tr>
<td></td>
<td>269</td>
<td>76.0</td>
<td>256</td>
</tr>
<tr>
<td></td>
<td>354</td>
<td>100</td>
<td>331</td>
</tr>
<tr>
<td>1991</td>
<td>No.</td>
<td>%</td>
<td>No.</td>
</tr>
<tr>
<td></td>
<td>324</td>
<td>73.7</td>
<td>304</td>
</tr>
<tr>
<td></td>
<td>439</td>
<td>100</td>
<td>406</td>
</tr>
<tr>
<td>2001[P]</td>
<td>No.</td>
<td>%</td>
<td>No.</td>
</tr>
<tr>
<td></td>
<td>336</td>
<td>66.4</td>
<td>324</td>
</tr>
<tr>
<td></td>
<td>506</td>
<td>100</td>
<td>480</td>
</tr>
</tbody>
</table>

**Sources:**

### b) Social Justice

Social protection to the under-privileged segments of the society has been the hallmark of all welfare states. Recognizing this fact, our Government has also launched National Social Assistance Programme [NSAP]. The objective is to give financial assistance to old persons having little or no regular means of subsistence, assistance to households living below poverty line in case they lose the primary bread winner and to pregnant women of household below the poverty line upto two live births. The sub-components of this programme are:

i. National Old Age Pension Scheme;

ii. National Family Benefit Scheme; and

iii. National Maternity Benefit Scheme.

Under the Pension Scheme, a sum of Rs. 75 per month is paid to destitute persons of 65 years age and above. The scheme could be linked to medical care and other benefits aimed at the aged beneficiaries. Under the National Family Benefit Scheme, lump sum benefit of Rs. 5,000 in case of natural death and Rs. 10,000 in case of death due to accident is
given to households below the poverty line on the death of the primary bread winner. This scheme is applicable to all eligible persons in the age group of 18-64 years. Under the Maternity Benefit Scheme, a lump sum assistance of Rs.500 per pregnancy is given for pre-natal and post-natal maternity care upto first two live births to the women above age of 19 years who belong to households below poverty line.

All these programmes were the demonstrative effects with sacred commitment of the ‘Garibi Hatao’ programme. In embracing economic reforms, we have shown that we recognize change when it is due. At the same time, we do not allow ourselves to be retaining what is inherently good in our political and economic philosophy.

Cooperatives have played significant role in generating employment in the rural areas and demonstrated their potential in sugar, dairy, etc. These can be extended to rural-resource-based activities such as horticulture, forest-based resources, etc., apart from a variety of consumer goods activities.

The task of providing employment to the unemployed and the underemployed rural poor is gigantic. Total labour force within the age group of 15 to 59 is reached a staggering level of 265 million. This colossal problem needs equally colossal efforts. Obviously, besides Governmental activities, co-operation of all segments of society is imperative in generating adequate employment in rural India.

C] BELOW POVERTY LINE FAMILIES

The question which is often asked and debated is who are the rural poor and amongst them who are the weakest? Many have attempted to define this group in very precise terms. They are the people without productive assets; labourers largely or wholly depending on wages with irregular and uncertain employment with low wages, marginal farmers without irrigation and other infrastructural facilities; small artisans; people with little or no resource base to take any meaningful productive activity etc. They are the people who are born in debt, live in debt and die in debt; These are
unorganized without having bargaining powers and are subjected to gross deprivation as regards the basic physical needs and social services and, therefore, prone to exploitation and dependency. This group comprises small and marginal farmers, agricultural labourers, land less labourers, tenants and share croppers, rural artisans, scheduled castes and scheduled tribes, nomads and the rural women. It is obvious that individually or even in small groups the people in the category of the ‘rural poor’ and the ‘rural weak’ cannot effectively participate & involve and, therefore, there is need to organize them.

The dividing line between the poor and non-poor, based on the definition of poverty is termed as “Poverty Line”. The obvious implication of poverty line is to decide who qualify for assistance and who does not. This poverty line or demarcation line is also used to identify the poor, semi-poor or partly poor, very poor, destitute etc.

In India the question of defining poverty line was first raised by Indian Labour Conference in 1957. Based on this, a Working Group was set up in 1962 by Planning Commission to “deliberate on the question of what should be regarded as the notionally desirable minimum level of consumer expenditure”. Based on the recommendations of Nutritional Advisory Committee a minimum consumption expenditure of Rs. 100 at 1960-61 prices for a family of 5 persons will be needed to meet nutritional diet. This consumption expenditure depends upon prevailing prices and these prices vary in rural and urban areas.

It was felt that depending upon the nature of work the requirement of calories also changes. The debate on minimum calories per capita per day and average calories per capita per day arose during 1970-71. According to the study conducted by Dandekar and Rath [1971], the average calorie norms 2250 per capita per day was recommended as adequate diet in Indian conditions. However, the basis on which this recommendation had been made is neither clear nor it is available in the reports concerning poverty line. However, it was accepted and equivalent per capita
consumption expenditure in urban and rural areas was worked out as Rs. 22.60 and Rs. 14.20 respectively at 1960-61 prices.

Following the recommendations of the Task Force on Minimum Needs And Effective Consumption Demand [1979], the Planning Commission has been estimating the proportion and the number of poor separately for rural and urban India at national as well as state levels. The estimates have been released from the year 1972-73 onward, using the full survey data on household consumption expenditure collected by National Sample Survey Organisation [NSSO] at different intervals. The Official estimate is based on calorie norms of 2400 calories per capita per day for rural areas and 2100 calories per capita per day for urban areas. The Task Force [1979] defined the poverty line equivalent to Rs. 49.09 and Rs. 56.64 per capita per month for rural and urban areas respectively at 1973-74 prices. The poverty line has been updated from time to time using the suitable deflators. During the seventh Five Year Plan, the Poverty line was fixed at Rs. 6400 per annum for the family of 5 members. The amount was deflated to Rs. 11000 per annum at 1991-92 prices. The Planning Commission has adopted a new methodology using a state-specific price index for estimation of poverty line since 1993. The poverty line is thus a concept closely related to subsistence survival.

The poverty line varies from State to State. As per the latest [1999-2000] estimates of the Planning Commission, the poverty line in terms of per capita consumption expenditure per month per family of five members in the rural areas varies from Rs. 262.94 in Andhra Pradesh to Rs. 367.45 in Himachal Pradesh. The State specific, Poverty Lines [1999-2000] in terms of per capita expenditure per month is furnished as follows:
<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>State</th>
<th>Rural</th>
<th>Urban</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Andhra Pradesh</td>
<td>262.94</td>
<td>457.40</td>
</tr>
<tr>
<td>2.</td>
<td>Assam</td>
<td>365.43</td>
<td>343.99</td>
</tr>
<tr>
<td>3.</td>
<td>Bihar</td>
<td>333.07</td>
<td>379.78</td>
</tr>
<tr>
<td>4.</td>
<td>Gujarat</td>
<td>318.94</td>
<td>474.41</td>
</tr>
<tr>
<td>5.</td>
<td>Haryana</td>
<td>362.81</td>
<td>420.20</td>
</tr>
<tr>
<td>6.</td>
<td>Himachal Pradesh</td>
<td>367.45</td>
<td>420.20</td>
</tr>
<tr>
<td>7.</td>
<td>Karnataka</td>
<td>309.59</td>
<td>511.44</td>
</tr>
<tr>
<td>8.</td>
<td>Kerala</td>
<td>374.79</td>
<td>477.06</td>
</tr>
<tr>
<td>9.</td>
<td>Madhya Pradesh</td>
<td>311.34</td>
<td>481.65</td>
</tr>
<tr>
<td>10.</td>
<td>Maharashtra</td>
<td>318.63</td>
<td>539.71</td>
</tr>
<tr>
<td>11.</td>
<td>Orissa</td>
<td>323.92</td>
<td>473.12</td>
</tr>
<tr>
<td>12.</td>
<td>Punjab</td>
<td>362.68</td>
<td>388.15</td>
</tr>
<tr>
<td>13.</td>
<td>Rajasthan</td>
<td>344.03</td>
<td>465.92</td>
</tr>
<tr>
<td>14.</td>
<td>Tamil Nadu</td>
<td>307.64</td>
<td>475.60</td>
</tr>
<tr>
<td>15.</td>
<td>Uttar Pradesh</td>
<td>336.88</td>
<td>416.29</td>
</tr>
<tr>
<td>16.</td>
<td>West Bengal</td>
<td>350.17</td>
<td>409.22</td>
</tr>
<tr>
<td>17.</td>
<td>Delhi</td>
<td>362.68</td>
<td>505.45</td>
</tr>
<tr>
<td></td>
<td>All India</td>
<td>327.56</td>
<td>454.11</td>
</tr>
</tbody>
</table>

The poverty line (implicit) at all-India level is worked out from the expenditure class-wise distribution of persons and the poverty ratio at all India level. The poverty ratio at all India level is obtained as the weighted average of the state-wise poverty ratio.

D] EMERGENCE OF VARIOUS PROGRAMMES ON POVERTY ALLEVIATION

The concept of rural development is not an entirely new idea in India. It has been in existence in various forms for many centuries prior to the launching of official programmes. The earlier attempts were not given the label, but in essence, their purpose was the same i.e. to help people to help themselves. The Vedas speak about the threefold interests of life are Brahma, Kshatra and the people.

The Vedas speak about the cosmic order [order in nature], the moral order [relationship of man with others] and the social order [the action of man in society]. It contained prayers for ‘common place, common assembly,
common thought, common aim and common mind’. The prayers for communication of mind may be regarded as remarkable anticipation of General will. The General will is the foundation of individual and village development. The Upanishads too emphasises the importance of development of the total human personality which develops when human being live together and work for a common ideal. The Sabha of the Vedic period reflecting these ideas was both a village social club as well as a village council. The Jatakas inform us that the village transacted their business themselves. They enjoyed a high degree of decentralization and autonomy. They used to organize work of charity and public utility.

The fourfold aspects of the Hinduism are Dharma, Artha, Kama and Moksha. It is not a religion of self-denial. It exhorts people to grow more food for their own prosperity. It also prescribes sharing of food with any one who wants it and glorifies non-possession as such. Development of self as well as the society was a means to an end. The interdependence of economics and Ethics has been a fundamental assumption in all Indian thought. The Gita puts the ideals of a sthitaprajna and exhorts people to give whatever they can without passion either for name or in anger and obviously without legal and administrative compulsions. Accumulation was not life’s mission; in sacrifice, austerity and charity was attained higher purpose of life. Manu the famous exponent of the Hindu law, legalistically speaking, advocates contentment and charity to all, especially the neighbours. Lord Buddha and Mahavir, in later ages, preach total renunciation and total non-violence. Buddha talks about self-purification and victory over oneself for victory of others. Mahavir, in tradition of other…Tirthankars, stresses on non-violence, non-possession and abstention from sensuality and agreed. The common ground of all three major religions in ancient India is that the whole world is a family and prosperity of one is linked with that of the other living beings. They contain the concept of rural development in embryonic form. A few princes and merchants, of idealistic frame of mind, executed these ideas into action. They left no organizational apparatus behind to carry on the welfare work beyond their lifetime. The lifespan of the programme was coterminus with
that of the benefactor. Moreover, there were ameliorative action plans rather than the developmental ones. People had temporary relief during period of stress and natural calamities. But there was neither recognition of, nor efforts for, rehabilitation of the poor on a permanent basis.

The introduction of urban-oriented military-cum-landed elite called Mansabdari during the Mughal period gave a death blow to the concept of village autonomy. The inordinate agreed of East India Company and deliberate introduction of landlordism and Ryotwari system as against the Mauzawari or village tenure system obliterated that was left of the corporate life of the village communities. Revenue collection was facilitated at the expense of co-operative efforts for village development. The position changed for the better under British crown. The Christian missionaries, quasi-missionaries, enlightened princes and visionary administrators rather than the Government, initiated several rural development projects.

**Emergence of poverty alleviation programmes:**

Though various programmes have been emerged before and after independence of India, all these programmes were leading to rural development at village level at its entirety but without concentrating poorest among the poor which were at the grass root of the society.

The modern Panchayat Raj which was launched in Rajasthan on October 27, 1959 and later on the whole country, aimed to encourage the common man to participate in political, social and economic activities, but failed to bring relief to the weaker sections of the village community.

The Government has therefore launched a number of special rural development programmes with special concentration on weaker section of the society in the form of target group oriented programmes as under:

**a] Tribal Development Agencies and Sub-Plans [1955].**

The programmes were mostly for economically weaker sections and deserving among the tribals. The development agencies were to identify such person and assist them for soil conservation and land development.
The efforts were made to draw up integrated area development plans for the development of scheduled tribes and scheduled areas. Separate sub plans for areas with a large concentration of scheduled tribes were drawn up within the respective states plans. However, for scheduled tribes living outside tribal areas, the thrust of development was not adequate.

b) Rural Industries Projects and Rural Artisans Programmes. [1962-63]

With a view to accelerate the development of rural areas, the Rural Industries Projects [RIP] were initiated as a centrally sponsored scheme in 1962-63 with an objective to enlarge employment opportunities to raise income and standard of living of the rural people and to reduce exodus to urban areas.

The Rural Artisans Programme [RAP] which was another Central Sector scheme provided for the adoption of new skill and upgradation of old skills of rural artisans through training of artisans and providing tools at subsidised rate.

The programme was taken in areas not covered by the Rural Industries Programme through District Industries Centers [DIC] Programme started in 1978.

c) Special programme for Small Farmers and Agricultural Labourers [SFDA/MFAL] [1970-71]

The smaller holder whose holding was less than 2 hectares comprised 52 percent of the rural household while agricultural labourers were 24 percent. The new agricultural technology tended to add a further disparity between those who had resources to make use of it and those who had not. The All India Rural Credit Review Committee [1969] recommended the establishment of small farmers’ development agencies which was accepted by the government.

To remove disparity between the more privileged and the less privileged classes in the rural areas, two programmes viz. small farmers and the other, for marginal farmers and agricultural labourers were taken up during the fourth plan. The small farmers, with the help of irrigation, provision of
credit, marketing and application of modern technology could be made viable. A limit of one to three hectares of land-holding was generally adopted in identifying such farmers. The farmers with holding below this limit were categorized as marginal farmers. As regards agricultural labour, this category was defined to cover those rural house-holds which derive more than 50 per cent of their income from agricultural wages.

The study indicated that the implementation of the programme suffered from deficiencies. Some of these are as under:

[1] Improper identification and verification of beneficiaries led to the benefits of the schemes accruing to wrong persons.

[2] Agricultural labourers were almost totally neglected in the matter of credit.

[3] There were cases of misutilisation of input loans in most of the project.

d) Tribal Area Development Programme: [1972]


The tribal development programme was initially of humanitarian nature and subsequently became development orientation and aimed assisting ST families to cross the poverty line with the following strategy:

a] To support economic activities falling within the purview of sectors like minor irrigation, soil and water conservation, cooperation and land reforms.

b] To promote productivity in production sectors like agriculture, animal husbandry, fisheries, forest, village and cottage industries.

c] To improve the quality of implementation, supervision, monitoring and evaluation of the programmes with appropriate administrative structure and representation of the beneficiary participants in both the formulation and implementation stages of plans involving development of tribals.
e] Programme for Children, Youth and Women: [1974]

Government of India adopted a National Policy of children on August 22, 1974 outlining a 15-point programme. Integrated Child Development Services aimed at delivery of a package of services including supplementary nutrition and non formal education to pre-school children and pregnant and nursing mothers.

The functioning of a Mahila Mandal depends on formal education of Mandal members, teamwork, family social participation and local leadership.

f] Antyodaya Programme [1978]

The term ‘Antyodaya’ stands for the uplift of the poorest of the poor. Under this scheme poorest families from the village were selected in a Gram Sabha meeting. Each Antyodaya family could be given loan (50%) and subsidy (50%) with maximum total Rs. 5,000/- for taking up an occupation of his own choice.

g] Integrated Rural Development Programme [1978-79]

The Integrated Rural Development Programme [IRDP] has been conceived during 1978-79 essentially as an instrument for reaching the rural poor and providing them with productive assets and other inputs to raise their income above poverty level.

Under I.R.D.P., the financial assistance was given to any legal and viable economic activity which is likely to raise the income level of the beneficiary above the poverty line on a lasting basis and thus represented as a target group oriented schemes for the alleviation of rural poverty.

The keynote of the I.R.D.P. was that the family income has to be raised above the poverty level. Once the beneficiary has been aided, he was to be helped by all other agencies/departments and above all by the project authorities to ensure that not only he is able to come up above the poverty line quickly, but also not to allow slipping back in to the poverty.
h] Rural Works Programme -

The planning commission in the Third Plan recommended for the RWP to provide employment to the weaker section and the aim was to provide employment to about 2.50 million people during the slack season and also in the backward and chronically drought-prone areas. However, as pointed out by the planning commission in the fourth plan, the rural works programme could not yield results commensurate with the expenditure because it was not integrated into local development planning. This programme was taken up in chronically drought-prone districts to provide unemployment relief.

i] Minimum Needs Programme-

Minimum needs programme was the democratic answer to the challenges of poverty with sharing of poverty, but not prosperity. It was aimed the overall productive capacity of the country, maximizing satisfaction or reducing dissatisfaction to a minimum of large majority of people with a socio-political necessity.

Under the programme, quantification for daily requirement of basic minimum needs for food, clothing, shelter, health and nutrition, education, water, sanitation, electrification, rural roads was made.

j] Development of Women & Children in Rural Areas [DWCRA] [1982-83]

The scheme aimed to improve the socio-economic status of the poor women for income generating activities on a self-sustaining basis. The main strategy adopted under the programme was to facilitate access for poor women to employment, skill upgradation, training credit and other support services for taking up income generating activities for supplementing their incomes. It encouraged the habit of thrift and credit among poor rural women to make them self-reliant with group approach.

DWCRA beneficiaries are given training for skill upgradation under TRYSEM with provision of marketing services. This programme is equally supported by Central Government, State Governments and UNICEF.
k] Indira Awaas Yojana [IAY] [1985-86]

The scheme aimed to provide dwelling units, free of cost, to the poor families of the Scheduled Castes, Scheduled Tribes, freed bonded labourers and also the non-SC, ST persons below poverty lines in rural areas. Priority in allotment is given to households affected by flood, fire, earthquake and other natural calamities. The allocation of funds under the scheme shared on 80:20 ratios between Center and States. The cost norms under IAY have been periodically increased.

I] Million Wells Scheme [MWS] [1988-89]

The Million Well Scheme was launched as a sub-scheme of National Rural Employment Programme [NREP] [1980] and Rural Landless Employment Guarantee Programme [RLEGP] [1983] during 1988-89 to provide open irrigation wells, free of cost to poor small and marginal farmers belonging SC/ST and freed bonded labourers. 30% of JRY funds are earmarked for MWS. The scheme was subsequently extended to non SC/ST categories also.


Jawahar Rojgar Yojana was launched as a centrally sponsored scheme on April 1st 1989 by merging the National Rural Employment Programme [NREP] and Rural Landless Employment Guarantee Programme [RLEGP]. The main objective of the programme was the generation of additional gainful employment for unemployed and under employed men and women in rural areas through creation of rural economic infrastructure, community and social assets.

The programme was targeted at people living below poverty line with preference to SC/STs and freed bonded labourers. The works under the scheme could be taken up during any part of the year as per the felt need for employment generation preferably during the lean agricultural season but could be continued thereafter as per the necessity.
JRY had been restructured and streamlined with effect from April, 1999 and had been renamed as JGSY. The primary objective of JGSY is the creation of demand driven village infrastructure including durable assets at the village level to enable the rural poor to increase the opportunity for sustained employment. The secondary objective is the generation of supplementary employment for the unemployed poor in the rural areas.

n] Supply of Improved Toolkits to Rural Artisans [SITRA] [1992]
The Government of India has launched Supply of Improved Toolkits to Rural Artisans Scheme since July 1992 with a financial ceiling of Rs. 2,000 for improved hand tools. The beneficiaries have to pay only 10% of the amount and the remaining 90% would be subsidy. The ceiling for power driven tools was Rs. 4,500. The programme emerged to supply improved tools to identified beneficiaries realizing that one of the reasons for low productivity of rural artisans-carpenters, blacksmiths, pottery makers, leather workers, woodcraft and metal craft workers.

o] Employment Assurance Scheme [EAS] [1993]
The scheme was launched on 2nd October, 1993 in 1775 identified backward blocks situated in drought prone, desert, tribal and hilly areas and extended its coverage to all rural blocks in the country w.e.f. 1.4.1997. The main objectives of the EAS is to provide about 100 days of assured casual manual employment during the lean agricultural season, at statutory minimum wages to all persons above the age of 18 years and below 60 years who need and seek employment on economically productive and labour intensive social and community works selected by the District Collector.

p] Valmiki Ambedkar Awas Yojana [VAMBAY] [2001]
This scheme was formally launched by the Prime Minister on the 2nd December, 2001. The scheme has the primary objective of facilitating the construction and upgradation of dwelling units for the urban slum dwellers living below poverty line and providing a healthy and enabling urban
environment through community toilets under Nirmal Bharat Abhiyan, a component of the scheme.

q] Antyodaya Anna Yojana [2001]

The scheme was launched by the Prime Minister on 25th December 2001. Under the scheme 1 crore poorest families is identified and decided quantity of food grains were made available to each eligible family at a highly subsidized rate.

E] SWARNJAYANTI GRAM SWAROZAGAR YOJANA

[Meaning, Concept, Contents and Scope]

Despite efforts made over the past few decades, rural poverty in India continues to be significant. While the anti-poverty programmes have been strengthened in successive years and while, in percentage terms, poverty levels have reduced from 56.44% of India’s population in 1973-74 to 37.27% in 1993-94, the number of rural poor has more or less remained static.

The multiplicity of programmes such as IRDP, TRYSEM, DWCRA, SITRA, and MWS being viewed as separate programmes in them, resulted in a lack of proper social intermediation, absence of desired linkages among these programmes interse and the implementation being more concerned with achieving individual programme targets rather than focusing on the substantive issue of sustainable income generation. To rectify the situation Government restructured all existing self-employment programmes and conceived into a new holistic programme of micro-enterprises known as “Swarnjayanti Gram Swarozgar Yojana” [SGSY] launched from 1st April 1999 to cover all aspects of self employment such as organization of the poor into self help groups and their capacity building, planning for activity clusters, infrastructure building, training, credit, technology and marketing.

The objective of SGSY is to bring the assisted poor families [Swarozgaris] above the poverty line in three years, by providing them income-
generating assets through a mix of bank credit and government subsidy. The efforts are expected to cover 30% of the poor families in each block during the next five years. Quality will be the hallmark of SGSY, which has to be imaginatively used to bring people above the poverty line.

**Salient Feature of SGSY:**

Swarnjayanti Gram Swarozgar Yojana aims at establishing a large number of micro enterprises in the rural areas, building upon the potential of the rural poor. It is rooted in the belief that rural poor in India have competencies and, given the right support, can be successful producers of valuable goods/services.

The assisted families [Swarozgaris] may be individuals or groups [Self-Help Groups]. Emphasis is on the group approach. The objective under SGSY is to bring every assisted rural family above the poverty line in two to three years on a sustainable basis.

In establishing the micro-enterprises, the emphasis under SGSY is on the cluster approach. For this, 4-5 key activities to be identified for each block based on the resources, occupational skills of the people and availability of markets. Selection of key activities is done with the approval of the Panchayat Samitis at the block level and the DRDA at the District level. The major share of SGSY assistance is in activity clusters.

SGSY is to adopt a project for each key activity with preparation of project reports. The banks and other financial institutions are closely associated and involved in preparing these project reports to avoid delays in sanctioning of loans and to ensure adequacy of financing. In planning of the key activities, care would be taken to ensure that the maximum numbers of Panchayats are covered without jeopardizing the quality of the programme.

The existing infrastructures for the cluster of activities are reviewed and gaps are bridged from the funding available under SGSY subject to a
ceiling of 20% of the total programmes allocation for each district. This amount will be maintained by the DRDAs as ‘SGSY Infrastructure Fund’.

SGSY focuses on Group approach. This would organization of the poor into Self-Help Groups [SHGs] and their capacity building. Efforts are expected to involve women members in each SHG. Besides, exclusive women groups will continue to be formed. At the level of the Block, at least half of the groups will be exclusively women groups. Group activity will be given preference and progressively, majority of the funding will be for Self-Help Groups.

The Gram Sabha will authenticate the list of families below the poverty line identified in the BPL census. Identification of individual families suitable for each key activity will be made through a participatory process.

SGSY is a credit-cum-subsidy programme. However, Credit will be critical component in SGSY, subsidy being only a minor and enabling element. Accordingly, SGSY envisages a greater involvement of the banks. They will be involved closely in the planning and preparation of projects, identification of activity clusters, infrastructure planning as well as capacity building and choice of activity of the SHGs, selection of individual Swarozgaris, pre-credit activities and post-credit monitoring including loan recovery.

SGSY seek to promote multiple credits rather than a one-time credit ‘injection’. The credit requirements of the Swarozgaris are carefully assessed. They will be allowed and in fact, encouraged for increasing their credit intake over the years.

SGSY seek to lay emphasis on skill development through well-designed training courses. Those, who have been sanctioned loans will be assessed and given necessary training. The design, duration of training and the training curriculum would be tailored to meet the needs of the identified activities. DRDAs are allowed to set apart upto 10% of the SGSY allocation on training. This would be maintained as ‘SGSY-training Fund’.
SGSY will ensure upgradation of the technology in the identified activity clusters. The technology intervention will seek to add value to the local resources including processing of the locally available material from natural and other resources for local and non local markets.

SGSY is to provide for promotion of marketing of the goods produced by the SGSY Swarozgaris. This would involve providing of market intelligence, development of markets, consultancy services, as well as institutional arrangements for marketing of the goods including exports.

SGSY will particularly focus on the vulnerable groups among the rural poor. Accordingly, the SC/STs will account for at least 50% of the Swarozgaris, Women for 40% and the Disabled for 3%.

SGSY will be implemented by the DRDAs through the Panchayat Samiti. The process of planning, implementation and monitoring would integrate the Banks and other Financial Institutions, the NGOs, as well as Technical Institutions in the district. DRDAs will be suitably revamped and strengthened.

Funds under the SGSY are expected to be shared by Central and State Governments in the ratio of 75:25. The central allocation earmarked for the States will be distributed in relation to the incidence of poverty in the States. However, additional parameters like absorption capacity and special requirement will also be taken into consideration during the course of the year.

I - ACTIVITY CLUSTERS- PLANNING AND SELECTION

The objective of SGSY is to bring every assisted family above the poverty line within two to three years, through provision micro-enterprise. Quite often, one finds that even when a person is brought above the poverty line during a plan period; his/her income may again fall below the poverty line in the next plan period. Therefore, the selection of the activities should be such that it would afford the swarozgaris an opportunity to expand his
asset and skill base in two to three years and at least in the third year, the net income should be more than Rs. 2000 per month.

SGSY lays stress on cluster approach which means instead of funding diverse activities, each block should concentrate on a few select activities [Key activities] and attend to all aspects of these activities, so that the Swarozgaris can draw sustainable incomes from their investments. These key activities should preferably be taken up in clusters so that the backward and forward linkages can be effectively established.

Selection of Key Activities

1.1 The success of SGSY depends, on the choice of activities. The key element is that the choice of activity should be based on the local resources, the aptitude as well as the skill of the people. It is also necessary that the products have ready market.

1.2 The choice of key activities should not be an arbitrary or an ad-hoc decision but should be a carefully thought out process. The Block SGSY committee has a very important role to play in it. For identifying the key activities that can be taken up, the committee should ensure that this selection takes place through a participative process. The Block SGSY committee should analyse, the potential for farm activities on priority. The next priority may be given to those who have an inherent skill. These would primarily be the rural artisans who form a significant segment of the rural society. Another category would be the unemployed educated youth. An inventory may be taken of such people to find out which activities are best suited for the area.

1.3 The Block SGSY committee may also look at the potential link plans prepared by NABARD as also any other survey carried out by different banks, industrial/technical organizations, etc. The officials from local Khadi & Village Industry as well as District Industry Centre may also be consulted.
1.4 The Block SGSY committee must interact with as many sarpanchs as possible and also discuss with groups of rural poor such as the landless labour, the educated unemployed, those rural poor with lands, the artisan groups etc. The committee should use that knowledge to supplement the traditional knowledge of the poor households and to facilitate in the identification of suitable activities. The consultation process is genuine and not perfunctory or token in nature.

1.5 In so far as on-farm activities are concerned. Effort may be made to bring in as much of the land of the rural poor as possible under irrigation so that they can have sustainable incomes.

1.6 Minor irrigation projects may be group oriented or individual oriented. It is preferable to adopt as far as possible, a project approach under minor irrigation instead of spreading the investment in a scattered manner.

1.7 As regards non-farm activities, care must be taken to identify only those activities that result in the production of goods/services that have a ready market.

1.8 Based on this consultation process, the committee may identify about 8-10 activities, which they may rank in the order of preference. This list should then be placed before the general body of the Panchayat Samiti [Block Panchayat] for its recommendations and then studied in the District SGSY committee to prepare a brief project report, keeping in view the guidelines.

1.9 The District SGSY committee will receive the block-wise proposals and will vet them. The committee to select about 10 activities per block. However, focus should be on 4-5 Key activities which are identified for training and micro-enterprise development in a cluster approach for larger number of groups. In the process, scope for other potential activities should not be excluded. In doing so, the District SGSY committee will ensure that at least some of the key elements of the economic chain of the selected activity should be present and it is only the missing link that needs to be provided. DRDAs to ensure that the anticipated income as
stipulated in the project is realized during the project period in order to enable the Swarozgaris to cross the Poverty. The Committee to ensure the views of Line Departments so that the Line Departments have a commitment to the key activity being taken up in the respective blocks and provide required services to the Swarozgaris.

1.10 The District SGSY Committee should scrutinize the proposals for each key activity separately in consultation with the concerned experts including the line department officials. In fixing the unit costs for the farm sector, the costs fixed by the regional committees of NABARD should be taken into consideration. In regard to the loans for various purposes falling under ISB sector of SGSY, the responsibility of fixing the unit cost other techno-economic parameters is of the committee.

1.11 The identification of activities is critical for the success of the SGSY and hence should be done in a careful manner. Care should be taken to see that the market is either readily available or there is a potential for market creation for the products.

**Preparation of Project Reports**

1.12 The District SGSY Committee is empowered to add or delete any activity in the list of selected key activities with due justification.

1.13 For each key activity there should be a project report indicating the various elements such as training, credit, technology, infrastructure and marketing.

1.14 The project report should also include the balancing infrastructure that needs to be provided and the costs involved. The project report shall be prepared for each activity and for each block separately. The economics should indicate the details of investment required, the details of returns, the repayment schedule and the net income accruable to the Swarozgari.

1.15 All expenses, relating to such exercise will be borne by the DRDA from their administrative expenses, which are provided for separately under the head ‘DRDA Administration’.
1.16 The line departments have an important role to play in the entire exercise, for they will be responsible for implementation and monitoring of respective sectoral activities. SGSY would need a very close collaboration between the implementing agencies and the line departments. This collaboration must start with the identification of key activities and preparation of project reports. The line departments will be responsible for planning and creation of the infrastructure required making the key activity successful. In addition, once the bank has sanctioned the loan, the line departments must ensure that all facilities including technical guidance are provided to the swarozgaris. The line departments may also verify whether the swarozgaris have the necessary skill requirement and take steps to train them. They should assist the DRDAs in ensuring that the swarozgaris are duly trained in appropriate institutions. It shall be their responsibility to monitor the progress and whether swarozgaris are able to derive the expected levels of income and it should be an integral part of their day-to-day functioning.

1.17 The list of selected key activities as well as the project report of each key activity in respect of each block on approval from governing body of DRDA is circulated to the BDO, Banks as well as the concerned line departments. Under any circumstances, under financing of the key activity should not be allowed. This should be reviewed in the Block SGSY committee constantly.

1.18 The focus under the scheme should be on development of activity clusters with emphasis on key activities identified in the block.

Clusters

1.19 The key activities may be taken up for implementation preferably in clusters. The clusters are not mere geographic agglomerations but units where the backward and forward linkages can be effectively established. This will facilitate greater control of the progress of the programme, including setting up of infrastructure, raw material distribution, technology transfer as well as quality control.
1.20 The clusters to be taken up for each activity separately. More swarozgaris can be brought each year under the key activity in identified clusters.

1.21 After the district SGSY committee communicates the list of selected key activities for the Block, the Block SGSY committee will identify the villages to be covered under each activity. The list of villages so selected may be placed before the Panchayat Samiti.

II - PROGRAMME INFRASTRUCTURE

2.1 Proper infrastructure is essential for the success of micro enterprises. The infrastructure may be either for production, processing, quality testing, storage or marketing. The lack of proper attention to this item has been one of the drawbacks of IRDP.

2.2 SGSY ensures that the infrastructure needs for the identified activities are met in full, to enable the Swarozgaris to derive the maximum advantage from their investments. The creation of additional infrastructure should be meaningful and should only be in the nature of providing the missing critical links. The proposals for infrastructure development should be drawn up by DRDA in consultation with Bankers and form part of the Annual Plan of the Block and District.

2.3 The provision of infrastructure is essentially the responsibility of the State Governments. SGSY infrastructure fund should be used to bridge only critical gaps in investments.

2.4 The District SGSY committee should review the infrastructure gaps and identify the areas of intervention for financing projects in activity clusters. Infrastructure needs and their fulfillment to be constantly and closely monitored by the DRDA and are met as per the plan.

2.5 The funds available for providing infrastructure support under SGSY are primarily to bridge small gaps in infrastructure that can make the programme implementation more effective.
2.6 In order to meet expenditure on such critical infrastructure, SGSY will provide for a fund, which will be known as ‘SGSY-Infrastructure Fund’. 20% of SGSY allocation for each District will be set apart for this fund.

2.7 The proposals should clearly spell out the time span envisaged for building up the infrastructure, its impact on the activities of the Swarozgaris in particular and economic environment in general and the monitoring system provided to see that projects are executed in given time at the given cost.

Expenditure under the Programme Infrastructure

i] Expenditure on account of premium for insurance and risk fund to co-operatives could also be met under this head.

ii] Expenditure on account of commissioning studies for the purpose of local resource and skill based integrated projects, subject to maximum of Rs. 50,000/- per annum per district is made.

iii] Expenditure incurred in organizing fairs, exhibitions and participation of Swarozgaris in fairs and exhibitions may be met from the SGSY Programme Infrastructure.

Monitoring of Expenditure on Infrastructure Projects

2.8 Giving the magnitude of funds allocated, the expenditure under this head be monitored more rigorously.

III - SWAROZGARIS

3.1 Under Swarnjayanti Gram Swarozgar Yojana, the beneficiaries are known as ‘Swarozgaris’ The Swarozgaris can be either individuals or groups. SGSY lays emphasis on the group approach, under which the rural poor are organized into Self-Help Groups. In either case, the list of BPL households identified through BPL census, duly approved by the Gram Sabha. The self-help groups should also be drawn from the BPL list approved by Gram Sabha.
A) SELF-HELP GROUPS

3.2 SGSY focuses on organization of the poor at grassroots level through a process of social mobilization for poverty eradication. SGSY’s approach to organize the poor stems from the conviction that there is tremendous potential within the poor to help themselves and that the potential can be harnessed by organizing them. Social mobilization enables the poor build their own organizations [Self Help Groups] in which they participate fully and directly and take decisions on all issues concerning poverty eradication.

3.3 Social mobilization is not a spontaneous process; it has to be induced. DRDAs are expected to initiate and sustain the process of social mobilization for poverty eradication by formation, development and strengthening of the SHGs. The groups that are formed with thrift and credit as an entry point have demonstrated that the poor can secure greater access to credit and other support services for enhancing their income levels.

The process of SHG formation could broadly go through following stages of evolution.

* Group formation [formation, development and strengthening of the groups to evolve into self-managed peoples organizations at grassroots level].
* Capital formation through the revolving fund, skill development.

Group Stabilization through thrift and credit activity amongst the members and building their Group Corpus. The group takes up internal loaning to the members from their Group Corpus. The groups should save regularly and begin to lend to members. This provides the members with opportunities to acquire the skills to prioritize scarce resources, to assess the strength of each member, to time the loans and schedule of repayments and fix interest rates.

Micro Credit, the Group Corpus is supplemented with Revolving Fund sanctioned as cash credit limit by the Banks.
Micro Enterprise Development, Group takes up Economic Activity, of their choice for income generation. This phase would include entrepreneurship development as well as skill development training of the members of the Group to enable them successfully implements the chosen activity. Such groups may require intensive training and capacity building inputs to enable them to reach higher levels of income generation.

**Formation of Self Help Groups**

3.4 SHG is a group of rural poor who have volunteered to organize themselves into a group for eradication of poverty of the members. They agree to save regularly and covert their savings into a common fund known as the Group corpus. The members of the group agree to use this common fund and such other funds that they may receive as a group through a common management.

The group formation will keep in view the following broad guidelines:

i] Under SGSY, generally a self-help group may consist of 10 to 20 persons. However, in difficult areas like hills and areas with scattered and sparse population and in case of minor irrigation and disabled persons, this number may be from 5-20.

ii] All members of the group should belong to families below poverty line. However, if necessary, a maximum of 20% and in exceptional cases, where essentially required up to a maximum of 30% of the members in a group may be taken from families marginally above the poverty line. However, the APL member is not being eligible for the subsidy under the scheme. The group shall not consist of more than one member from the same family. A person should not be member of more than one group. The BPL families must actively participate in the management and decision making. APL members of the Self Help Group shall not become office bearers of the Group.

iii] The group should devise a code of conduct to bind itself. This should be in the form of regular meetings [weekly or fortnightly], functioning in
a democratic manner allowing free exchange of views, participation by the members in the decision making process.

iv] The group should be able to draw up an agenda for each meeting and take up discussions as per the agenda.

v] The members should build their corpus through regular savings. The members themselves should decide the quantum of savings. The savings so collected will be the group corpus fund.

vi] The group corpus fund should be used to advance loans to the members. The group should develop financial management norms covering the loan sanction procedure, repayment schedule and interest rates.

vii] The members in the group meetings should take all the loaning decisions through a participatory decision making process.

viii] The group should be able to priorities the loan applications, fix repayment schedules, fix appropriate rate of interest for the loans advanced and closely monitor the repayment of the loan installments from the loanee.

ix] The group should operate a group account preferably in their service area Bank branch.

x] The group should maintain simple basic records such as Minutes Book, Attendance Register, Loan Ledger, General Ledger, Cash Book, Bank Passbook and individual passbooks.

3.5 50% of the groups formed in each block should be exclusively for the women. In the case of disabled persons, the groups, formed should ideally be disability specific wherever possible. A group may comprise of both disabled and non-disabled persons below the poverty line.

3.6 By and large, the SHG may be an informal group. However, the groups can also register themselves under the Societies Registration Act, the State Co-operative Act or as partnership firm.
3.7 The group formation should not be driven by any targets but tend itself to a ‘process approach’. The members of the SHGs should fully internalize the concept of self help.

The DRDAs should put in concerted efforts to strengthen and consolidate the already existing groups and then take steps to form new groups.

**Role of Non Government Organization**

3.8 The formation and development of group is not a spontaneous process. A facilitator working closely with the communities at grassroots level can play a critical role in the group formation and development. The quality of the groups can be influenced by the capacity of the facilitator. The NGOs can work not only as facilitator but also as help in training, capacity building and enabling. The groups to mature into a self managed people’s organization. Facilitators involved in the process of group formation and development should have a well defined exit policy. The DRDAs may organize training and exposure programmes for the facilitators and should interact with them regularly to get feed back about groups. The involvement of facilitators in the programme will be purely on contractual basis.

3.9 The support machinery [SHG promotion institutions] is offered by NGOs or DRDA and DRDAs have to play very crucial role in facilitating development of the capacity to nurture and strengthen the groups.

**Linkage with the Banks**

3.10 During the stage of group formation, the SHG should be brought into contact with the local banks though opening of Saving Bank Account preferably in their service area branch. This has a dual purpose. The SHG beings to realize the opportunities and also the mode of dealing with the banks. Likewise, the bankers get to familiarize themselves with the SHGs. Establishment of these linkages at the early stages will ensure the formation of strong SHGs, which will be mutually beneficial. Further, the group could also avail credit from the bank as per their requirement under the Self Help Group-Bank Linkage Programme. The BDO and the
bankers’ are expected to visit the SHG as often as they can and explain to
the members the opportunities for self-employment. Training and capacity
building programmes for the SHGs in different stages of development
need to be organized periodically and on a continuous basis.

3.11 The formation stage generally lasts for six months or more depending
upon the literacy, awareness levels, socio-economic background of the
people being organized, as well as the capacity of the facilitator involved
in the process of social mobilization and group formation. At the end of the
formation stage, it is necessary to subject each SHG to a test to assess
whether it has evolved into a good group and is ready to go in to next
stage of evolution. This is done through a grading exercise. The objective
of this exercise is to identify the weaknesses, if any, and help the group to
overcome the same through training and capacity building inputs, so as to
develop into a good group. Grading exercise thus should help to focus
attention on weak groups so that DRDAs to establish linkages for the good
groups with the Banks.

3.12 The DRDAs will have to play an effective role in grading exercise.
Grading of the SHGs could be done by the same agency that is involved
in the promotion and development of SHGs or any independent agency
contracted to undertake the grading exercise. To have objectivity and
acceptance of SHGs by financial institutions, it is desirable to undertake
grading exercise by an independent agency.

3.13 The grading criteria should be consistent with the characteristics that
are agreed to be essential for strong, self-managed and vibrant SHGs.

Following are the various processes that are involved in the grading:

* Development of exhaustive list of characteristics of a good group by
  DRDA.
* Development of criteria for grading of the groups with appropriate
  weightage for various parameters.
* Identification of suitable agency to undertake grading exercise.
* Intensive training to be given to the investigators who will interact with the members of the group to assess the group on various parameters.

* Facilitate the agency to visit the groups for assessing the status of the groups.

* Obtain SHG-wise reports with the rating awarded and the reasons.

* Develop an appropriate SHG-wise action plan for strengthening the groups identified as “weak” or “average”.

* Pursue with bankers for securing SHGs linkage that are rated as “good”.

3.14 Grading exercise should not be a questionnaire-oriented exercise. It should provide an opportunity for the members to assess their own performance to a participatory approach and the investigator assumes the role of the facilitator to the process.

3.15 DRDAs should ensure active participation of the bankers in the grading exercise and involve them very closely right from the development of criteria for grading the groups.

3.16 Right from the beginning, it is necessary that the self-help groups should be nurtured carefully. The grading exercise must therefore be carried out at different stages and should be undertaken every quarter till such time all the groups obtain good grade.

**Capacity Building of the Self-Help Groups**

3.17 SHG that are in existence for about 6 months and have demonstrated the potential of a viable group enters the second stage, wherein it receives the Revolving Fund of Rs. 25,000 from bank as cash credit facility and also embarks on further capacity building of its entire team. DRDAs to provide the revolving fund, subsidy to such groups to the extent of Rs. 10,000/-, to be given to the Bank by the DRDA. Banks may charge interest only on the sum exceeding Rs. 10,000. The subsidy Rs. 10,000 released by DRDA will be adjusted against the loan at the end of cash credit period on the request of the group after getting the approval of
District SGSY Committee the concerned Bank may adjust the subsidy against the Swarozgaris dues.

The groups shall keep the following principles in view concerning the management of the Revolving Fund.

- The revolving fund is provided to the groups to enable more number of members to access loans and increase in the per capita loan.

- As the revolving fund become part and parcel of the group corpus, it can be utilized as own saving fund.

- The group should discuss the credit requirement and advance loans from out of the corpus [savings + interest + revolving fund] to a few members and fix repayment schedule and interest rates.

- The revolving fund imparts credit discipline and financial management skills to the members.

- On receipt of the revolving fund, the group shall utilize the fund in the manner and for purposes it deems fit. The idea is that the group should develop the capacity to utilize funds it has received from outside.

3.18 Those groups that have received fund under DWCRA or any other programme shall not be eligible to receive the revolving fund under SGSY. However, there is no bar on such groups receiving credit and subsidy under group loaning under SGSY, after they have demonstrated their functioning as viable groups.

At the end of six months from the date of receipt of the revolving fund the SHG will be subjected to another grading test to see if it has been functioning effectively and is capable of taking up an economic activity through their higher levels of investment.

At the end of the third stage, the SHG is broadly expected to demonstrate the following attributes:

1. The per capital loan amount availed by its members increases gradually over the years.
2. There is a shift from consumption loans to production loans.

3. The group is able to clearly identify its training needs to the members and give value to the training inputs received by its members.

4. The members are able to investigate into their poverty situation and are able to articulate clearly the opportunities for overcoming their poverty.

5. The group is able to develop a portfolio of investment opportunities and has a clear plan of action for meeting the credit requirement of its members.

6. The group acquires the capacity to undertake participatory monitoring of assets created from the loans advanced to its members.

7. The group is capable to implement some community action programmes independently.

8. The dependency on outside facilitating agency gradually comes down and the groups emerge as self-managed in terms of managing various aspects of group and financial management.

9. All members have total clarity on the common activity, including the economics of the activity.

10. The members have clarity on the responsibility of each and every member and the management of the common activity.

11. The members have clear assessment of their training needs.

12. The members have evolved effective strategy for participatory monitoring of the common activity.

**Taking up of Economic Activities**

3.19 Once the SHG has demonstrated that it has successfully passed through the second stage, it is eligible to receive the assistance for economic activities. This is in the form of loan and subsidy. There are two ways in which a SHG can receive this assistance
1. Loan-cum-subsidy of SGSY to the individuals in a group to take up income generation activities.

2. Loan-cum-subsidy to the group where all the members in the group want to take up a group activity either single or multiple activities sanctioned in the name of the group and the group stands as guarantee to the Bank for prompt repayment of loan.

3.20 The group is entitled to subsidy of 50% of the project cost subject to per capita subsidy of Rs. 10,000 or Rs. 1.25 lakhs, whichever is less.

3.21 The group also undertakes responsibility to closely monitor the asset management and income generation. The group also is expected to access services from the line departments concerned to enable the members to derive the expected income from the activities undertaken.

The cost of the group formation and development should be met from the funds provided under the SGSY with the maximum ceiling of Rs.10000/- to be invested over 3-4 years period as under:

1. 20% of the funds is paid at the beginning when the formation of SHG commenced by the NGO/Community Coordinator/Animator.

2. 30% after the group qualifies for Revolving Fund or get linked to the Bank.

3. 40% after the group taken up an economic activity and

4. 10% after the start of economic activity by the group and adherence to repayment schedule of the loan sanctioned by the Bank.

**B] INDIVIDUAL SWAROZGARIS**

**Identification and Selection**

3.22 The individual Swarozgaris are selected in the Gram Sabha by a 3 member’s team consisting of the BDO or his representative, the banker and the Sarpanch and ascertain from BPL families the persons who can be covered under the designated key activity.
3.23 The selection of the Swarozgaris must be done in an open and transparent manner. The bank is also free to choose swarozgaris.

3.24 After the selection is made, the BDO has to arrange to have the applications filled by the selected persons. The DRDAs should take steps to familiarize the BPL families with the loan sanction process.

3.25 Once the banks have received the applications, they should sanction the application normally in 15 days but not later than one month.

3.26 The list of selected Swarozgaris for one year for is placed it before the next Gram Sabha by BDO. This list shall also be made available to the DRDA, other block officials, bankers and all other concerned agencies.

3.27 The SGSY particularly focuses on the vulnerable groups among the rural poor with 50% SC/ST, women for 40% and disabled for 3% of the total swarozgaris assisted during the year.

IV] FINANCING THE INVESTMENTS - BANK CREDIT AND SUBSIDY

4.1 Financial assistance to Swarozgaris under SGSY comprises loan and subsidy.

Norms of Lending

4.2 The quantum size of loan depends on the nature of project. The composite loan comprises both fixed and working capital. SGSY has no investment ceiling other than the unit cost worked out for the project.

The security norms will be as prescribed by RBI from time to time.

Sanction of Loans by the Banks

4.3 The BPL families that are best suited for taking up a particular key activity are identified each year.

4.4 The bank will also consider the Groups for lending for a given activity.

4.5 While sanctioning projects, unit costs, terms of the loan and repayment schedule are as indicated in the project profiles for the concerned key activity. Part-financing and under financing should not be resorted to
under any circumstances. However, where the nature of the activity is such that the loan is to be released in stages, the disbursal may be made accordingly.

4.6 As soon as the selection is made the line a department has to process the requirement of skill training to the Swarozgari.

4.7 As soon as the Swarozgari completes the basic orientation or the skill-training program, the Bank shall proceed to disburse the loan and subsidy amount to the Swarozgaris for purchase or creation of the asset. The Bank shall disburse the subsidy amount also as per the guidelines governing the back ended subsidy.

Asset Creation by Swarozgaris

4.8 Swarozgaris will be given the full amount [Loan and Subsidy] and they will have the freedom to procure the asset themselves. The Swarozgari shall procure the asset within one month from the date of release of money by the bank. The assets procured should be of standard quality and at economic prices. Both DRDA and Banks should ensure through proper monitoring and verification that quality assets have been procured.

4.9 In the case of Swarozgaris under the ISB sector, when a number of sundry items are to be bought, disbursement upto Rs. 10,000 may be made in cash. This will give the Swarozgaris requisite freedom to negotiate and settle the price for the asset and give him/her the satisfaction that he/she has purchased goods of his own choice.

4.10 In the event the Swarozgari does not inform the bank of the fact of procurement, the bank shall inform the BDO who shall enquire into the reasons. The Swarozgari will be liable for civil as well as criminal proceedings that are likely to arise in such a case. In case of the SHGs, all the members will be liable.

4.11 While providing for a key role to the Gram Panchayats, SGSY accords certain direction to bankers in the selection of Swarozgaris. The bankers, therefore, are expected to associate themselves in the entire process so that development-banking concept is taken to its logical end.
SGSY guidelines do not provide for any ceiling for investment. The investment requirements have to be assessed based on the unit cost and the Swarozgaris needs and viability of the scheme.

**Multiple Credit and Multiple doses of Credit**

4.12 SGSY seeks to develop close linkages with credit mechanism in such a manner as would promote multiple credits rather than a one-time credit injunction. Multiple doses of credit would mean assisting a Swarozgari over a period of time with a second and subsequent dose[s] enabling him/her to access higher amount of credit. The second and subsequent dose for same activity or a new activity can be given even during the currency of first/earlier dose. Subsidy entitlement for all doses taken together will not exceed the limit prescribed for that category.

**Principles and Procedure for Disbursement of Assistance**

4.13 The funds received by the DRDAs will be kept in saving bank accounts. After assistance is disbursed to the Swarozgari, the participating bank will provide the particulars of the Swarozgari, the project and the amount of subsidy adjusted in his/her favour for the record of the Block/DRDA. While computing the figures of advances and recoveries, the banks are to exclude the amount of subsidy received so as to reflect the factual position. The banks are to report separately the amount of recoveries under SGSY.

**Subsidy**

4.14 Subsidy under SGSY will be uniform at 30% of the project cost, subject to a maximum of Rs.7,500. In respect of SC/STs and disabled persons, however, these will be 50% and Rs.10,000 respectively. For SHGs, the subsidy would be at 50% of the project cost subject to per capita subsidy of Rs. 10,000 or Rs.1.25 lakhs, whichever is less. There will be no monetary limit on subsidy for irrigation projects.

**Back-end Subsidy**

4.15 Subsidy will be back-ended. Banks would disburse the full project cost including subsidy to the Swarozgaris as loan. The benefits of subsidy
will also be available to Swarozgaris who prefer to avail themselves of required working capital in the form of cash credit.

The subsidy admissible for term loan and working capital advances to the Swarozgaris under SGSY should be kept in the Subsidy Reserve Fund Account without any interest being offered and for the purpose of charging interest on the loan; the subsidy amount should be excluded.

4.16 The repayment schedule of loan would be drawn in such a way that the subsidy kept under Subsidy Reserve Fund would be sufficient for adjustment towards the last few installments. The availability of the benefit of subsidy to Swarozgaris would be contingent on their proper utilization of loan as also its prompt and specified repayment and maintaining the asset in good condition.

4.17 Banks will issue loan passbooks to Swarozgaris in regional languages, containing details such as the date of sanction of loan, amount of loan sanctioned, subsidy to be adjusted in the final installment of repayment, rate of interest, amount due under each installment, due dates of installments etc.

Repayment of Loan

4.18 All SGSY loans are treated as medium term loan with minimum repayment period of five years. Repayment installments should not be more than 50% of the incremental net income expected from the project. Number of installments will be fixed in accordance with the principal amount, the interest liability and the repayment period.

4.19 Swarozgaris will not be entitled for any benefit of subsidy if the loan is fully repaid before a certain fixed period known as the lock-in-period. The lock-in-period for various activities under SGSY can be categorized broadly into three categories depending on the loan repayment period for 5, 7 and 9 years. The lock-in-period corresponding to these repayment periods would be 3, 4 and 5 years respectively. If the loan is fully repaid before the currency period, the Swarozgaris will be entitled only to pro-rata subsidy.
Measures for Recovery

4.20 Prompt recovery of loan is being an important aspect of SGSY, not only to ensure a discipline but more importantly as it reflects the success of the self-employment programme. All concerned must therefore, ensure that the recovery is hundred percent.

4.21 The block SGSY Committee shall monitor, every month, the progress of different Swarozgaris. The bank shall furnish every month the list of defaulters to this committee.

4.22 The banks would take all possible measures, i.e., personal contact, organization of joint recovery camps with District Administration, legal action etc. In case, even after this, the bank fails to recover the entire dues, the process of forfeiture of subsidy for adjustment against dues is taken up.

4.23 The services of NGOs or individuals [other than government servants] may be engaged as Monitor-cum-recovery facilitators, on a commission basis. A processing cum monitoring fee of 0.5% of the loan amount may be charged to the Swarozgaris to meet this expenditure.

4.24 In order to ensure recovery discipline, with effect from 1.1.2001, any Panchayat that registers a recovery of less than 80% under SGSY will not be eligible for consideration under SGSY. However, this clause of preamble has temporarily been suspended by Govt. in year 2000 till further instructions.

Observance of Non-banking Day

4.25 Banks are required to observe one day in a week as non-banking day to enable the bank officials to go to the field and attend to the problems of Swarozgaris.

Risk Fund for Consumption Credit

4.26 To meet the small consumption needs of weaker sections of society, a Risk Fund for consumption credit can be created with [one per cent] of SGSY funds at District level. Enabling Banks to provide consumption
loans, not exceeding Rs. 2000 per Swarozgaris. Under this scheme, risk fund assistance is provided to the banks to the extent of 10% of the total consumption loans disbursed during the year to the target groups.

Service Area Approach

4.27 The RBI has introduced Service Area Approach with effect from 1.4.1989. The financing for SGSY in those villages is, therefore, to be done by the Bank branches to which they have been allocated.

INSURANCE

4.28 The assets should be marked to check the misutilisation or transfer of the assets. This is also necessary in the eventuality of filing insurance claim and physical verification of assets etc.

The claim procedure is simplified to secure expeditious disposal of claims. The Bank/DRDA shall forward a death certificate given jointly by any two of the following. 1. Sarpanch/Upasaran of village. 2. President or any other officer of the cooperative credit society. 3. Official of Milk Collection Centre or Government Veterinary Surgeon/Assistant. 4. Supervisor/Inspector of Cooperative Central Bank. 5. Authorized nominee of DRDA. 6. Secretary of Panchayat. 7. Village Revenue Officer. 8. Head Master of Primary School.

V] Adjustment of Insurance Claim Money

The procedure of adjustment of insurance claim of animals will be as follows:

a. Where the borrower has been regular in payment of interest/repayment of installments and is willing to receive a replacement animal, the claim proceeds may be utilized to purchase a new animal.

b. Where the Swarozgari was a willful defaulter and has additional dues to the bank by way of interest, the claim proceeds would be adjusted to the bank loan liability and the balance may be paid to the DRDA.
c. Where the Swarozgari has been regular in payment of loan and interest but is unwilling to take a replacement animal, he may be offered assistance for some other activity and claim proceeds utilized for financing the same. If he is unwilling to take any other activity, the claim money may be utilized by giving to the bank an amount equal to the balance outstanding in the loan account. The DRDA will also get subsidy amount proportionate to the balance loan outstanding and balance, if any, may be given to the beneficiary.

VI] Other Facilities
The GIC of India have informed that if SGSY beneficiary has other milch animals where no loan or subsidy is involved, such milch animal could also be insured at the concessional rates of premium i.e. 2.25% per annum or 1.69% for the three years.

Group Life Insurance Scheme
4.29 A group life insurance scheme for swarozgaris aged not less than 18 years and not more than 60 years is applicable from the date on which the asset is disbursed to the swarozgari till the swarozgari completes the age of 60 years or a period of 5 years from the date of commencement of the cover, whichever is earlier. A sum of Rs. 5,000 shall become payable by LIC to the nominee of the deceased in the case of natural death. In the event of death due to accident a sum of Rs. 10,000 shall become payable by LIC.

V - SKILL UPGRADATION
5.1 For skill upgradation, SGSY proposes a number of measures for upgrading the capacity of Swarozgaris both an individual as well as group oriented activities.

Basic Orientation Programme
5.2 Where the Swarozgari possesses the required skills, he/she may be put through a basic orientation programme after the loan is sanctioned and before it is disbursed. This basic orientation programme seeks to familiarize the Swarozgaris with SGSY and its objectives, the responsibilities of the Swarozgari, as well as the behavioral aspects. It also seeks to infuse confidence in the Swarozgari. This programme includes elements of book keeping, knowledge of market, identification and appraisal, acquaintance with product costing and product pricing, familiarization with object financing by banks as well as some basic skill in the key activity identified. The programme would be of a very short duration and not normally be more than two days. BDOs, Bankers and Line Departments can act as resource persons for this training.

Skill Development Training

5.3 For the identified activities, Swarozgaris who need additional skill development/upgradation of skills appropriate training may be identified and suitable training programmes for more than a week is organized. Swarozgaris will be eligible for assistance only when they possess minimum skill requirement and loans will be disbursed only when they have satisfactorily completed skill training.

VI - TECHNOLOGY

6.1 The effort under Swarnjayanti Gram Swarozgar Yojana is to ensure the development of sustainable micro enterprises. For successful enterprise, appropriate technology is of paramount importance.

6.2 The technology identified for each key activity should be such that it can be managed comfortably by the swarozgari and at the same time leads to quality products, and goods/services.

The process of technology identification is closely inter-linked with the identification of key activity itself. The technology itself should be such that support services and infrastructure are adequately available.
6.3 Under SGSY, it is expected that the assisted family would come out of poverty line in three years. It is therefore necessary that during this period the swarozgaris be closely monitored. For each key activity it is necessary to have an institution capable of transmitting technology ensuring skill upgradation and monitoring the performance in terms of the quality of output as well as the recovery.

6.4 The manner of communicating the technology in terms of either introduction or upgradation would be important and this should do in such a manner that the swarozgaris could fully understand the same.

VII - MARKETING SUPPORT

7.1 For any goods or services that are produced, existence of a suitable market is essential. There is a false notion that market surveys are not required in case of the self-employment opportunities for the rural poor. It is therefore necessary that the project profile of every key activity identify the market availability. This would be a critical factor in the choice of the key activity itself.

7.2 The market mechanism may appear unintelligible and a complex task. In reality it means checking out what sells and what does not in the local markets. The rural Hatts [markets] play a significant role. An analysis of these markets therefore reveal the opportunities, daily requirements and exploring ways of meeting the demand locally can lead to some useful results.

7.3 A study of the local markets might reveal that what the villagers purchase can as well be produced locally. The opportunities must fully explore.

7.4 There is an increasing trend towards urbanization in the country alongwith a change of consumer tastes and demands. There can be a good potential for value added items. The emerging urban markets can be a good area for developing clientele for the rural products. The self-help groups can be encouraged to try out these markets on their own to
develop marketing skills. The Infrastructure fund can be used for strengthening marketing infrastructure and related activities.

7.5 The marketing of goods outside the districts requires an intermediary agency. This can be in the Governmental, Non-governmental or private sector.

7.6 Organisation like Handicrafts Boards and Handloom corporations and also KKVIC/KVIB can play a prominent role in promotion of SGSY. The marketing outlets of KVIC/KVIB must be made use of for SGSY products.

7.7 Melas can be organised to give publicity to the range of products produced by the Swarozgaris. Such efforts need further encouragement so those SGSY Swarozgaris will be integrated with the regional markets.

7.8 Quality of products is vital for the development of entrepreneurs. The goods marketed must conform to a minimum and uniform quality so as to be able to develop a brand image. The DRDAs must organize periodic meets of the Swarozgaris and ensure that they are given the necessary guidance in quality control. There must also be a system of the experts in the relevant fields visiting the work places and guiding the Swarozgaris.

VIII - IMPLEMENTATION

8.1 A close involvement of different agencies is essential for the success of Swarnjayanti Gram Swarozgar Yojana. SGSY is implemented by District Rural Development Agencies [DRDAs] through the Panchayat Samitis and with the active involvement of banks, the line departments and the NGOs.

8.2 The DRDAs are expected to co-ordinate the implementation of the programme with all implementing agencies.

8.3 The Gram Panchayats will play a crucial role in SGSY. The Gram Sabha will first approve the list of BPL families. The list of Swarozgaris who are sanctioned the loan by the banks would be placed before the Gram Sabha. The Gram Panchayat would actively monitor the performance of the Swarozgaris and in particular whether they are repaying the loan regularly.
8.4 The Panchayat Samiti at block level to approve the key activities that are identified for the block and review every month the reports sent by Block SGSY committee.

8.5 The Bankers play a very critical role in the implementation. SGSY envisages the close association of bankers at all stages of the programme implementation, right from the identification of the activities, clusters, self-help groups, identification of individuals swarozgaris as well as planning for all the elements of the key activities. The bank has the final say in the selection of swarozgaris. An elaborate mechanism has been put in place to ensure post-credit monitoring as well as for loan recovery.

8.6 The line departments have an important role to play in the entire exercise, for they will be responsible for implementation and monitoring of respective sectoral activities. The line departments will be responsible for identification of key activities and preparation of project reports, planning and creation of the infrastructure required making the key activity successful. In addition, the line departments must ensure that all facilities including technical guidance are provided to the Swarozgaris. The line departments may also verify whether the Swarozgaris have the necessary skill requirement and take steps to impart quality training to them with the help of DRDAs. It shall be their responsibility to monitor the progress and ensures to see that swarozgaris are able to derive the expected levels of income.

8.7 The NGOs have also an important role to play. They can be used in the formation and nurturing of the SHGs as well as in the monitoring of the progress of the swarozgaris.

8.8 Similarly, care must be taken to ensure the participation of the technical resource available in the district, in the form of technical institutions.

Co-ordination Mechanism

8.9 A close coordination between different agencies responsible for implementation of SGSY is critical for the success of the programme. The
programme should be treated as a joint programme with all agencies being conscious of their respective roles. In order to ensure the coordination the following committees are constituted under SGSY.

**Block Level SGSY Committee**

**8.10** There is a Block Level SGSY Committee in each block with following composition:

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Project Director-DRDA</td>
<td>Chairman</td>
</tr>
<tr>
<td>2.</td>
<td>Project Officer [Self-employment]</td>
<td>Member</td>
</tr>
<tr>
<td>3.</td>
<td>Branch Managers in the Block</td>
<td>Member</td>
</tr>
<tr>
<td>4.</td>
<td>Block Level/Sub-Division level officers</td>
<td>Member</td>
</tr>
<tr>
<td>5.</td>
<td>NGO representative [one]</td>
<td>Member</td>
</tr>
<tr>
<td>6.</td>
<td>Block Development Officer</td>
<td>Convenor</td>
</tr>
</tbody>
</table>

The meetings of this committee shall be convened by the BDO. The main functions of Block Level SGSY Committee are:

a. Selection of key activities at the beginning of the programme;

b. Selection of villages and number of Swarozgaris to be covered each year;

c. Distribution of the work among the bank branches;

d. Monitoring of the performance by different agencies;

e. Co-ordination issues in respect of infrastructure, credit, technology & marketing;

f. Review of incomes being earned by Swarozgaris;

g. Review of the recovery performance; fixing dates for recovery camps etc;

h. Conduct of sample checks for verification of assets;

i. A review of the report in the monthly meeting will help the block level committee in identifying different problems.

j. Review of progress of Swarozgaris in crossing the poverty line.
The block level committee is expected to meet between 5th and 10th of every month. The proceedings of the Block Level SGSY Committee shall be sent to Panchayat Samithi for information and necessary action, if any. A copy should also be sent to the Project Director, DRDA and to the Lead Bank Officer.

**District level**

8.11 At the District Level, there shall be a District SGSY Committee under the Chairmanship of the District Collector/Chief Executive Officer. This Committee meets every month to review the progress of SGSY and suggest corrective action wherever necessary. The composition of District Level SGSY Committee will be as under:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>District Collector/Chief Executive Officer</td>
</tr>
<tr>
<td>2.</td>
<td>Assistant General Manager of NABARD</td>
</tr>
<tr>
<td>3.</td>
<td>RBI, Representative</td>
</tr>
<tr>
<td>4.</td>
<td>District Level Coordinators of the implementing Banks</td>
</tr>
<tr>
<td>5.</td>
<td>Concerned Heads of District Level Line Departments</td>
</tr>
<tr>
<td>6.</td>
<td>General Manager, DIC</td>
</tr>
<tr>
<td>7.</td>
<td>District KVIB Officer</td>
</tr>
<tr>
<td>8.</td>
<td>Project Director, DRDA</td>
</tr>
<tr>
<td>9.</td>
<td>2-3 NGO Representatives</td>
</tr>
<tr>
<td>10.</td>
<td>Lead Bank Officer</td>
</tr>
</tbody>
</table>

The functions of the District SGSY Committee include:


ii] Monitoring and review of the overall progress in physical and financial terms.

iii] Sorting out inter-agency differences and to prepare items for consideration of State Level Committee.

iv] Assessing training needs of Swarozgaris and also to review the arrangements for Training including identification of appropriate institutions and also
v] Monitor the recovery position bank-wise and block-wise so as to initiate corrective measures where necessary.

State Level

8.12 The Department of Rural Development or any other Department to which the subject of Rural Development has been allocated should be responsible for planning, implementation, monitoring and evaluation of the programme at the State Level. A State Level SGSY Committee has been provided to oversee the functioning the performance under SGSY. It’s composition is as under:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Chief Secretary/Development Commissioner</td>
</tr>
<tr>
<td>2.</td>
<td>Secretary, Institutional finance</td>
</tr>
<tr>
<td>3.</td>
<td>Secretary, Planning</td>
</tr>
<tr>
<td>4.</td>
<td>Secretary In-charge of Women’s Development</td>
</tr>
<tr>
<td>5.</td>
<td>Concerned Head of the Line Departments</td>
</tr>
<tr>
<td>6.</td>
<td>Secretary In-charge of Welfare of SC/STs</td>
</tr>
<tr>
<td>7.</td>
<td>Representative of NABARD</td>
</tr>
<tr>
<td>8.</td>
<td>Representative of RBI</td>
</tr>
<tr>
<td>9.</td>
<td>Representative of concerned implementing Banks</td>
</tr>
<tr>
<td>10.</td>
<td>A representatives of the Govt. of India</td>
</tr>
<tr>
<td>11.</td>
<td>Director, SIRD</td>
</tr>
<tr>
<td>12.</td>
<td>Convenor, SLBC</td>
</tr>
<tr>
<td>13.</td>
<td>Secretary Rural Development</td>
</tr>
</tbody>
</table>

Functions of the State Level SGSY Committee are as under:

i] To provide leadership and guidance in the planning, implementation and monitoring of the programme.

ii] To review the district-wise progress under SGSY and suggest remedial actions.

iii] To monitor and evaluate the implementation of the programme with reference to the objectives of the programme.

iv] To review the involvement of reputed NGOs in the SGSY and provide directions if necessary.
v] To provide a forum for a meaningful dialogue between the policy makers at the State Level and the implementers at the field level as well as Bankers.

vi] To discuss any other issue relating to SGSY.

### Central Level

**8.13** The Department of Rural Development in the Ministry of Rural Development, Government of India, New Delhi has the over-all responsibility of policy formulation, monitoring and evaluation of the programme and for release of central share of funds. A Central Level Coordination Committee [CLCC] has been constituted as under to assist the Department. The CLCC will meet once in six months.

<table>
<thead>
<tr>
<th>No.</th>
<th>Name and Designation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Secretary, Ministry of Rural Development</td>
</tr>
<tr>
<td>2.</td>
<td>Deputy Governor, RBI</td>
</tr>
<tr>
<td>3.</td>
<td>Secretary, Dept. of Agricultural &amp; Cooperation</td>
</tr>
<tr>
<td>4.</td>
<td>Secretary, Dept. of Expenditure</td>
</tr>
<tr>
<td>5.</td>
<td>Special Secretary, Banking Division, Ministry of Finance</td>
</tr>
<tr>
<td>6.</td>
<td>Secretary, Dept. of Women and Child Development</td>
</tr>
<tr>
<td>7.</td>
<td>Secretary, Dept. of Small Scale &amp; Agro-related Industries</td>
</tr>
<tr>
<td>8.</td>
<td>Secretary, Dept. of Science and Technology</td>
</tr>
<tr>
<td>9.</td>
<td>Secretary, Ministry of Welfare</td>
</tr>
<tr>
<td>10.</td>
<td>Managing Director, NABARD</td>
</tr>
<tr>
<td>11.</td>
<td>Adviser [Rural Development], Planning Commission</td>
</tr>
<tr>
<td>12.</td>
<td>Additional Secretary, Ministry of Rural Development</td>
</tr>
<tr>
<td>13.</td>
<td>State Secretaries of Rural Development</td>
</tr>
<tr>
<td>14.</td>
<td>Chairman-cum-Managing Director of All Commercial Sector Banks</td>
</tr>
<tr>
<td>15.</td>
<td>Director General, CAPART</td>
</tr>
<tr>
<td>16.</td>
<td>Director General, NIRD</td>
</tr>
<tr>
<td>17.</td>
<td>Chairman, Indian Banks Association</td>
</tr>
<tr>
<td>18.</td>
<td>Joint Secretary, Department of Rural Development</td>
</tr>
</tbody>
</table>
Other Officials/non-officials may be invited to the meetings of this Committee if their presence is felt necessary.

The functions of Central Level Coordination Committee [CLCC] are as under:

i] To review and ensure effective implementation of the programmes.

ii] To review linkages for support services for SGSY.

iii] To review progress of these programmes in physical, financial and qualitative terms including credit assistance.

iv] To consider concurrent evaluation reports.

v] To provide a forum for a continuous dialogue with the State Governments and Bankers.

vi] To review the credit arrangements and recommend changes and improvements as and when necessary.

Setting up of SGSY Cell in Banks

8.14 For the purpose of effective monitoring of the implementation of SGSY, the banks may set up SGSY cells in their controlling offices to make periodical review of the flow of credit, ensure the implementation of the guidelines issued by RBI and the Government of India.

IX - FUNDING PATTERN AND FINANCIAL PROCEDURE

Criteria for Allocation of Funds

9.1 SGSY is a centrally sponsored scheme and the financing of the programme will be shared between the Center and the State in the ratio of 75:25.

Eligible Items of Expenditure

9.2 DRDA may incur expenditure on the following items from the funds provided under the SGSY.

X - MONITORING

10.1 For ensuring that Swarozgaris crosses the poverty line, it is not sufficient to provide him assets through subsidy and loan. The progress of management of his assets for generation of incremental income has to be continuously followed up, monitored and evaluated.

10.2 The follow-up on the projects given to the swarozgari should be done by the DRDA/Block officials, and bankers to see that the swarozgari is properly managing his assets and is able to generate the projected income. All efforts should make to remove any difficulties that the swarozgari may be facing. Every swarozgari should be given Vikas Patrika.

10.3 An annual physical verification of assets may also be undertaken on a drive basis at the end of every year.

10.4 Follow up and monitoring is to be done at the different levels and agencies like DRDA, BDO, Panchayats, Bank branches etc.

10.5 The performance of the implementation of SGSY is to be monitored continuously at all levels through physical verification of the assets and monthly/annual progress reports.

Qualitative Monitoring of SGSY at Block/DRDA Level

10.6 For effective implementation of the programme, physical monitoring through field inspections is important. Officers dealing with SGSY at the State, district, sub-division and block levels must closely monitor all aspects of the programme through visits in the interior areas.

10.7 In order to develop a consistent system of monitoring the implementation of SGSY at Block/DRDA level through field visits and
physical verification of assets as well as progress of the swarozgari towards income generation with following schedule:

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>District Magistrate/Chairman DRDA</td>
<td>10 per month</td>
</tr>
<tr>
<td>2.</td>
<td>Project Director, DRDA</td>
<td>20 per month</td>
</tr>
<tr>
<td>3.</td>
<td>Project Officer and Project Economist</td>
<td>40 per month</td>
</tr>
<tr>
<td>4.</td>
<td>ADOs/BDOs</td>
<td>20 per month</td>
</tr>
</tbody>
</table>

10.8 On the basis of these inspection reports the Monitoring wing at DRDAs will prepare a consolidated report. These reports should be discussed in the meetings of the Governing Bodies of DRDAs. Necessary corrective action should be taken wherever necessary.

10.9 The State Level SGSY Committee is expected to review quarterly the findings emerging out of qualitative monitoring of the programme and conduct periodical evaluation studies on the implementation of the programme.

10.10 Remedial action shall be taken by the States on the basis of the observations made in these evaluation studies.

**F] PROFILE OF THE STUDY AREA-PUNE DISTRICT**

Pune District is situated in Western Part of Maharashtra State. The District is bounded by Ahmedanagar District on the North and East, Solapur District on the South-East, Satara District on the South, Raigad District on the West and Thane District on North-West.

Pune District lies between 17.54 to 19.24 degree North latitude and 73.19 to 75.10 degree Eastern longitude.

Total geographical area of Pune District is 15523.8 Sq. Kms. representing 5% of the State’s geographical area.
Administrative set-up now consists of fourteen tahasils viz. Ambegaon, Baramati, Bhor, Daund, Haveli, Indapur, Junnar, Khed, Maval, Mulshi, Purandhar, Shirur, Velhe and Pune City.

There are at present eleven Municipal Councils.

There are at present 372 bank branches of Public Sector Banks, Scheduled Commercial Banks and District Central Co-operative Banks.

Under the Pune Zilla Parishad jurisdiction, 1905 villages are covered through 13 Panchayat Samities and 1401 Grampanchayats.

Pune District lies in the Bhima and Nira basins. It has a shape of triangle with its base in Sahyadri Mountains on the West and its apex in the extreme South-East corner near Nira River.

Taking in to consideration the height from sea level, rainfall, soil pattern, etc. it can be divided into three zones. 1] Western Zone (Maval track) 2] Central Zone and 3] Eastern Zone.

The main river of the District is the Bhima which has many tributaries, like Vel, the Ghod on the left and Indrayani, Mula, Mutha and Nira on the right.

The climate is generally dry with variation in temperature during the day and night as well as during different seasons. Temperature varies from 6.8 D.C. as minimum to 40 D.C. as maximum.

The summer season starts from March and extends upto June. Monsoon normally starts in June and extends upto September, whereas winter is experienced between October to February.

Rainfall is regular and assured in the Western Zone. Central Zone has moderate rainfall and in the Eastern Zone, rainfall is uncertain, late and
insufficient and constitutes mainly scarcity area. The average rainfall is about 3000 to 4000 mm in western part of the district which gets reduced gradually from west and to east and in far-east of the district it is 600-700 mm.

The total geographical area of the Pune District is 15523.8 Sq. Kms. Or 15,52,380 Hectare with soils broadly classified into three classes, viz.1] Black 2] Red 3] Brown. The black soil in layers of several feet deep is found in eastern parts of Khed, Shirur, Daund and Purandar blocks and the whole of Baramati and Indapur blocks. This soil is suitable for rabbit crops such as wheat, gram, jowar and sugarcane, as it retains moisture for long time. The brown coloured soil is shallower and coarser than black soil and is found in Junnar, Ambegaon and Khed blocks. Bajara, Groundnut and Chillies are grown in this soil. Soil suitable for paddy is available in Maval, Mulshi, Bhor and Velhe blocks.

CONCLUSION

Various programmes were introduced to achieve the aim of growth, social justice and equality with different aims and approaches in the form of sectoral programmes, employment oriented programmes, area approach programmes and target group approach programmes.

Though, various programmes have been emerged before and after independence of India, these entire programmes were leading to rural development at village level at its entirety but without focusing on poorest among the poor which were at the grass root level of the society. Despite efforts made over the past few decades, rural poverty in India continues to be significant. While the anti-poverty programmes have been strengthened in successive years and while, in percentage terms, poverty levels have been reduced substantially, the number of rural poor has more or less remained static.
The multiplicity of programmes like IRDP, TRYSEM, DWCRA, SITRA, MSW being viewed as separate programmes in them could not bring proper social intermediation and failed to concentrate on substantive issue of sustainable income generation.

To rectify the situation, government restructured all existing self employment programmes and conceived into a new holistic programme of micro enterprises known as “Swarnjayanti Gram Swarozgar Yojana” [SGSY] launched from 1st April 1999 to cover all aspects of self employment such as organisation of the poor into self help groups and their capacity building, planning for activity clusters, infrastructure building, training, credit, technology and marketing.

The objectives of SGSY thus, is to bring the assisted poor families [Swarozgaris] above the poverty line in three years by providing them income generating assets through a mix of Bank credit and government subsidy. Quality is the hall mark of SGSY. It is planned to focus on poorest among the poor with all sorts of supportive services through various participating agencies like Govt., Banks, NGOs, Line departments in a systematic way. The scheme is implemented at grass root level but is monitored at the highest level of country in a comprehensive manner for encompassing alleviation of poverty.